Labour Market

NOTES ■ October 2012

Unemployment rate lowest in the country as job gains continue

Alberta

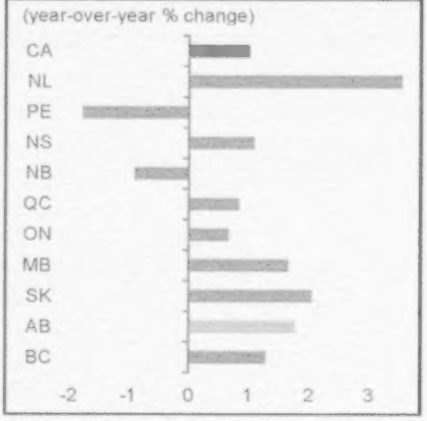
- Job growth continues. For the third straight month, Alberta created jobs. The addition of 2,100 jobs in September builds on a 3,900 gain in August. Last month's increase was due to new full-time positions (+3,600), which more than offset a decline in part-time positions (-1,500). Alberta has gained 37,400 jobs since September 2011, representing a 1.8% increase. On a year-to-date basis, Alberta leads the country with a 2.9% increase.
- Unemployment rate remains lowest in Canada. The job gains helped keep Alberta's unemployment rate at 4.4% in September, well below the national average of 7.4%. Alberta's unemployment rate has fallen 0.9 percentage points over the last 12 months.
- Transportation and warehousing lead monthly job gains. While overall service sector employment was down 1,900, the transportation and warehousing services industry led all industries with a gain of 8,100 jobs. The goods sector added 4,000 jobs, led by manufacturing (4,100). Individual industries posting the largest losses were health care and social assistance (-8,900) and business, building & other support services (-7,900).
- Weekly earnings jump $27 in July, the largest increase since 2006. Average weekly earnings increased an impressive 2.5% in July, following a 1.2% gain in June. Alberta employees earned on average $1,094.85 per week in July, a level $188.17 higher than the national average. Earnings were 6.1% higher in July than the same month last year.

Canada

- National job numbers post a healthy gain. Canada gained 52,100 jobs in September, easily topping market expectations of 10,000 additional jobs. Employment growth was concentrated in Ontario (31,100) and Quebec (10,600), while Saskatchewan (-3,600) posted the largest loss. Canada has added 174,500 jobs (+1.0%) over the last 12 months.
- Unemployment rate edges up. Despite the August job gain, the Canadian unemployment rate increased by 0.1 percentage points to 7.4% due to more people searching for work.
- Weekly earnings post another gain. Canadian average weekly earnings were $906.68 in July, up an impressive 4.1% compared with the same month last year.

For definitions of the data indicators discussed in this publication, please see the second page of August's Labour Market Notes

Employment Growth by Province, September 2012 vs. September 2011



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	September or Latest*
Employment	2,156,000
month-over-month change	2,100
year-over-year % change	1.8%
Alberta Unemployment Rate (UR)	4.4%
Edmonton UR**	4.5%
Calgary UR**	5.1%
Participation Rate	73.1%
Average Weekly Earnings (AWE)	$1,094.85
year-over-year % change	6.1%
Average Hourly Wage	$27.39
year-over-year % change	6.5%
Job Vacancy Rate**	3.4%

Source: Statistics Canada

* All data is from the Labour Force Survey for September except AWE, which is from the July Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate which is from the June SEPH.

** This indicator is calculated as a three-month moving average.

The employment rate: another point of view

Alberta's labour market has strengthened over the last year, pushing the unemployment rate to a four-year low of 4.4% in September. However, when looking at the unemployment rate in combination with other labour market data, a more balanced and nuanced picture of Alberta's labour market emerges. This Labour InSight examines trends in the labour force and the employment rate to gain a more complete understanding of Alberta's labour market performance.

Unemployment and participation rates trend lower

Much of the recent decline in the unemployment rate can be traced to job creation, which has absorbed unemployed workers. However, a leveling off of the labour force has also played a role. Indeed, the labour force participation rate has been falling since August 2011 (see chart 2). This means that, as a share of the working age population (ages 15+), fewer people are working or looking for work. The decline in Alberta's participation rate is almost exclusively concentrated in one age group: 15 to 24 year old youth. The youth participation rate has been falling since July and now sits close to its 30-year low. This decline could reflect a number of factors, such as a larger movement into postsecondary education.

Chart 1: Alberta's Labour Market

Source: Statistics Canada

Chart 2: Alberta's Employment Rate

Source: Statistics Canada

The employment rate; an important gauge

When a drop in labour force participation contributes to a lower unemployment rate, it can sometimes overstate tightness in the labour market.

For this reason, many economists turn to another measure called the employment rate. Calculated as the percentage of people over the age of 15 who are working, the employment rate is a simple but often overlooked indicator of labour market performance. The advantage of this rate is that it combines information from the unemployment rate and the participation rate. A high employment rate can signal that the labour market is stretched due, for example, to a combination of low unemployment and a limited pool of non-working people from which to draw.

Alberta continues to have the highest employment rate in the country. At 69.8%, Alberta's employment rate is eight percentage points above the national average. However, it has edged down over this past year and still remains well below the record levels experienced during the 2006-2008 period of very tight labour conditions (see chart 2). A large increase in the working age population, driven by net migration, has led to the recent moderation in the employment rate.

Conclusion

The employment rate is often overlooked, but it overcomes some of the limitations of the widely reported unemployment rate. Data on job vacancies (reported in last month's issue) and the employment rate also point to Alberta having one of the strongest labour markets in Canada. However, both the employment and unemployment rates suggest that the overall labour market is not nearly as stretched as during the 2006-2008 period.

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